Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

New Items

(Continued from page 14)

dent for lower-priced housewares and/or goods with perceived value, as consumers closely watched their dollars.

Cookware was a prime example. The top-selling items included one set, a Chilton 7-pc. offering with a SilverStone nonstick interior that had an average retail of $26.68 as No. 2 on the audit. The bulk cookware that accounted for the rest of the listing included five Wear-Ever Bounty items among the top six items, all of which had average retail prices under $10.

In the cookware report the previous year, bulk items from Wear-Ever's higher-priced Premium line accounted for the top three positions; this time the only item from the Premium line was a 10-in. saute pan in the No. 10 spot.

The demand for goods with perceived value was evident in the stepped-up movement of sets in glassware and large-size packages in cleaning chemicals.

In glassware, almost all the items on the report were sets, with 24-pc. offerings by Anchor Hocking capturing the top two spots. In cleaning and chemicals, sizes ranging from 32 oz. to 147 accounted for eight of the 14 listings, with three products in the 16- to 27-oz. range.

Larger-size garbage cans and wastebaskets were also strong sellers in plastics and Rubbermaid. In Rubbermaid, a 32-gal. Roughneck container was the No. 1 item, followed by a 20-gal. container. The lineup in plastics had seven trash cans in the 44-qt. to 32-qt. range,

(Continued on page 17)

HOUSEWARES

(Continued from page 14)

PLASTICS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Lustro-ware 24-gal trash can	6,186	10.72	66,313.92
2	2	Fesco 20-gal trash can, avocado	8,436	6.62	55,846.32
3	3	Fesco 32-gal trash can, avocado	3,594	11.68	41,977.92
4	—	Lustro 24-gal Super Can, green	2,040	12.91	26,336.40
5	5	Lustro-Ware 12-gal container, springtop	3,672	7.01	25,740.72
6	6	Lustro-Ware 11-qt heavy duty pail	14,136	1.68	23,748.48
7	7	Lustro-Ware 44-gal wstebsket, flip-top	3,120	5.61	17,503.20
8	—	Eagle 110-oz oblong food saver	10,416	1.61	16,769.76
9	12	Alabaster dust pan	35,904	0.46	16,515.84
10	4	Lustro-Ware 44-qt rect wastebasket	4,008	4.06	16,272.48
11	9	Fesco 1½-bush octangle bskt, yellow	5,382	2.94	15,823.08
12	8	Lustro-Ware 4-pc bwl st w cover, yellow	5,436	2.83	15,383.88
13	—	Fesco 56-qt round wastebasket, gold	3,228	4.62	14,913.36
14	—	Fesco 1½-bush round wicker basket	5,760	2.55	14,688.00

CLEANING & CHEMICALS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2	Stick Goods 8" Roll-O-Matic mop	26,028	6.88	179,072.64
2	—	Texize 64-oz Yes	24,888	3.17	78,894.96
3	—	Purex 22-oz Sweetheart dish liquid	33,260	2.27	75,500.02
4	7	3M 16-oz Scotch Guard	18,060	3.52	63,571.20
5	8	D-Con Four Gone, single pack	20,340	2.54	58,521.60
6	9	Drackett 32-oz Windex refill	48,948	1.04	50,905.92
7	—	Drackett 32-oz indstrl strength cleaner	45,576	1.11	50,589.36
8	—	Murphy 32-oz liquid soap	28,224	1.76	49,674.24
9	4	Purex 147-oz heavy duty detergent	9,945	4.85	48,233.25
10	—	Stick Goods 8" Roll-O-Matic mop II	13,710	3.50	47,985.00
11	—	Johnson 27-oz Future	15,936	2.78	44,302.08
12	—	Texize 32-oz Glass Plus, refill	45,672	0.97	44,301.84
13	6	Johnson 46-oz Future	10,938	4.05	44,298.90
14	—	Texize 32-oz Fantastic w/sprayer	37,836	1.16	43,889.76

BATH SHOP

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	5	Selfix portable shower spray	2,742	6.62	18,152.04
2	3	Selfix shampoo spray	11,208	1.48	16,587.84
3	—	Gray Line large shower caddy, white	4,038	3.65	14,738.70
4	1	Ekco 18" towel bar, chrome	8,196	1.53	12,539.88
5	—	Gray Line shower caddy, white	5,388	2.14	11,530.32
6	4	Ekco toilet tissue holder, chrome	7,620	1.48	11,277.60
7	—	Hanson scale, Princess, white	1,544	6.89	10,638.16
8	—	Hanson scale, Wicker, brown	716	14.22	10,181.52
9	—	Hanson scale, Princess, gold	1,420	6.89	9,783.80
10	6	Ekco 24" twin towel bar, chrome	3,864	2.48	9,582.72
11	7	Ekco 24" towel bar, chrome	5,064	1.85	9,368.40
12	8	Selfix toilet tissue holder, plastic	8,868	1.05	9,311.40
13	11	Selfix twin hook, 2-pack	10,968	0.84	9,213.12
14	—	Empire bowl brush, plastic	12,840	0.70	8,988.00

RUBBERMAID

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	32-gal Refuse container, Roughneck	3,018	17.19	51,879.42
2	2	20-gal Refuse container, avocado	5,178	9.59	49,657.02
3	3	Covered wastebasket, chocolate	4,302	5.33	22,929.66
4	6	Delux dish drainer, orange	4,699	4.14	19,453.86
5	4	Covered wastebasket, gold	3,666	5.30	19,429.80
6	5	Ice cube tray, blue	34,848	0.55	19,166.40
7	7	Delux dish drainer, chocolate	4,578	4.16	19,044.48
8	12	15¾" Drainer tray, gold	6,090	2.94	17,904.60
9	14	10¾" hi Rect laundry basket, choc	4,554	3.74	17,031.96
10	—	Delux dish drainer, almond	4,080	4.13	16,850.40
11	—	10¾" hi Rect laundry basket, almond	4,350	3.72	16,182.00
12	8	12"x10" shelf liner, white	15,072	1.06	15,976.32

(Continued on page 17)

David's Readies New Prototype

TULSA, Okla.—David's is strengthening its base here by giving its name to an Oertle's store it owns and building a new prototype store in nearby Broken Arrow.

David's is a wholly owned subsidiary of MFY Industries with five stores in Wichita and one in Emporia, Kan., in addition to one in Tulsa.

David's, which reported more than $50 million in sales last year, has embarked on a multimedia advertising campaign featuring a character called "David" to introduce the name change of Oertle's, a 165,000-sq.-ft. discount membership store.

Meijer, Twin Fair Reach Firm Accord

BUFFALO—A definitive agreement has been reached by Twin Fair and Meijer regarding the acquisition of the Twin Fair retail discount division in Ohio.

Meijer has agreed to buy the inventory, fixtures and related real estate of the 14-store division.

Following the closing of the sale Twin Fair will operate 16 discount department stores in western New York and department stores in the Buffalo area.

GUESS WHAT WE'RE GIVING YOUR CUSTOMERS. FREE.

WHEN THEY PURCHASE FIVE SCOTCH VIDEOCASSETTES, WE'LL SEND THEM THE SIXTH--FREE.

Returned by popular demand—the new and improved Scotch giveaway. Be sure to stock up between April 20th and June 12th, 1981.

Here's how it works. Your customers buy a total of 5 Scotch Videocassettes from you. Enclosed in each cassette is a Customer Service Card. The customer mails us 5 such cards together with properly dated sales receipts no later than September 4th, 1981. We'll send back to the customer a free T-120 or a free L-500—whichever format the customer chooses.

WHAT A DEAL!

You get a ready-made traffic builder. You get special pricing on T-120 and L-500 cassettes. And *that* means you get bigger margins.

Also ask your Scotch Sales Representative about our newsletter, *Fast Forward*.

Now we ask you, is that a deal, or is that a DEAL?

This offer is limited to cassettes which are packed 10 per carton and sold for home use. Limit of 4 free cassettes per household. Offer does not apply to specially marked promotional packages.

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Discount Store News

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PRODUCT MOVEMENT AUDIT

New Items

(Continued from page 15)

with two 1½-bushel baskets and one 11-qt. pail.

The interest in large sizes wasn't limited to just trash cans. A 110-oz. Eagle Super-Seal food saver was No. 8 on the plastics report.

Gadgets and bath shop were the two categories that, overall, showed the least change, Ten of the best-selling items in gadgets had made the previous audit, while in bath shop, the count was eight out of 14.

Low price was the key to the repeaters' appeal. Almost all the items that scored on both years' audits carried a price tag of under $5—they were the inexpensive, extensively used housewares that homemakers replace with little concern because of the low price.

In the tabletop, Corning Ware and Pyrex categories, design and function were used to offset their relatively bigger tickets, compared with the lower price of other housewares.

In tabletop, Wildflower and Indian Summer continued as the hot Expressions patterns, capturing the Nos. 1 and 2 spots.

In Corning Ware, the growing interest in microwave cooking resulted in related cookware capturing the top three spots, while the new French White design showed up as No. 4.

Pyrex goods with baskets captured the Nos. 1 and 4 places, while items with the Autumn Harvest designs were Nos. 2 and 3, a mix of top sellers that denoted the interest in fashion and function.

HOUSEWARES

(Continued from page 15)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
		CORNING WARE			
1	6	Grab-It 4" set	8,211	12.59	103,376.49
2	4	Microware browning grill	5,381	16.95	91,207.95
3	14	Microwave set	1,860	29.26	54,423.60
4	—	French White Collection	2,149	22.97	49,362.53
5	—	Kitchen Starter set, Wildflower	1,721	26.94	46,363.74
6	—	Kitchen Starter set, Cornflower	1,635	24.28	39,697.80
7	3	Menu-ette set, Cornflower	2,670	14.03	37,460.10
8	13	Kitchen Starter set, Spice	1,274	27.50	35,035.00
9	—	3-qt Saucepan, Spice	2,403	14.28	34,314.84
10	—	Open Roaster, large, Cornflower	2,131	15.55	33,137.05
11	—	2½-qt Casserole, Spice	2,315	13.52	31,298.80
12	2	Sidekick	5,913	5.17	30,570.21
13	1	Grab-It bowls	4,180	6.93	28,967.40
14	11	Menu-ette set, Wildflower	1,501	18.09	27,153.09
		PYREX			
1	5	3-qt Oblong bake dish w basket	4,755	10.23	48,643.65
2	—	3 pc Casserole st, Atmn Hrvst	4,238	11.12	47,126.56
3	—	4-pc Bowl w hndl st, Atmn Hrvst	4,711	9.95	46,874.45
4	6	2-qt Casserole w basket	2,384	10.29	24,531.36
5	1	3-qt Oblong bak dish	6,114	3.92	23,966.88
6	—	Sprout Farm kit	2,280	8.02	18,285.60
7	—	3-pc Mixing bowl set, clear	3,324	4.42	14,692.08
8	13	3-pc Mix bowl set, Woodland	2,035	7.20	14,652.00
9	—	4-pc bowl set w handle, Woodland	1,385	10.42	14,431.70
10	15	2-qt Oblong bake dish	4,038	3.56	14,375.28
11	—	3-pc Mixing bowl set, gold	2,004	6.86	13,747.44
12	—	3-pc Casserole set, gold	1,218	11.23	13,678.14
13	9	1-pt liquid measure	6,744	1.97	13,285.68
14	—	3-pc Mixing bowl set, Autumn Harvest	1,811	6.93	12,550.23

Richway to Tackle Hills For 1st Time With Two Debuts in S.E. Tennessee

CHATTANOOGA, Tenn.—Drawn by the area's demographics, Richway will make its debut in this southeastern Tennessee market this month with the opening of two 85,000-sq.-ft. stores.

Richway will thus take on Hills for the first time, with particularly heavy competition expected in soft lines. In hard lines the chain will be facing Zayre and K mart.

At the same time, Richway is gearing up to increase sales and labor productivity by lifting gondola runs higher and piggybacking checkouts in the two new stores. Both efforts, management hopes, will increase sales per square foot from the current $94.55.

Richway executives said the area was a natural for expansion because of its lower-than-average ratio of sales floor square footage per capita. Exact figures weren't available, but executives said it was a smaller number than in either of the Atlanta-based chain's two other out-of-state markets—Columbia, S.C., and Charlotte, N.C.

Don Love, vice president for merchandising, said the market has a high proportion of Richway's "target" customer—a white-collar professional.

Love said the chain, particularly with its Athens, Ga., prototype, has been aiming for a more upscale customer.

Both of the two new Tennessee stores will be similar to the Athens prototype, which uses darkened ceiling tiles, wood-finish cornices and maroon carpeting to fashionably accentuate its apparel department.

Love said this new look, plus a brand name/basic apparel program, should strengthen the discounter's attack on Hills' solid soft lines business.

Richway executives said there would be no changes in merchandise presentation in the Chattanooga market, but hinted the chain might increase its advertising.

Hills' executives said they would battle the newcomer by introducing their "Inflation Fighter" program into the market.

Under that program, signs identify promotionally priced items, and list both Hills' price and the best price offered by a competitor.

Duckwall-ALCO: Year's Biz Up 1%

ABILENE, Kan.—Sales at Duckwall-ALCO were up a modest 1% for the fiscal year ended Jan. 31.

Sales were $174.6 million, up from $172.8 million the year before. Net earnings for the year were expected to be down 23% from the year before. Preliminary figures show the chain's net income to be $3.35 million for 1980, compared to $4.38 million in 1979.

A change to LIFO accounting significantly reduced earnings reported for the year, and president Robert Soelter also mentioned reduced farm income as among factors contributing to a slow year. The company did get significant benefits from a security program that reduced retail shrinkage from 2.48% of sales to 1.54%.

Correction

A recent story in *Discount Store News* overstated gross margins achieved at two departments at Roses. The correct gross margin of the greeting card/wrap department is 50%-51%, and that of the H&BA department is just under 24%. DSN regrets the error.

ANOTHER HOT SCOTCH® CASSETTE PROMOTION:

3 DYNARANGE™ CASSETTES FOR THE PRICE OF 2.

SPECIAL 3-BAG OFFER TO BEGIN APRIL 20th.

Here's an opportunity to increase volume with a promotion that really has a lot going for it. It features our popular high output ferric oxide Dynarange C-90 Cassettes. Dynarange Cassettes are a sales leader. But now—with their special price of three-for-two—they'll move even faster.

WHAT'S IN IT FOR YOU?

When you buy into this Dynarange promotion you get savings of one-third—savings that you can pass on to your customer. That should mean turns and profits.

IT'LL PAY TO ACT NOW.

The buy-in period for this promotion begins April 20th and ends June 12th, 1981. For as long as supplies last. You don't want to miss this one.

For details about this Dynarange promotion, including additional buy-in incentives, talk to your Scotch Cassette salesperson.

SCOTCH® CASSETTES. THE TRUTH COMES OUT.

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Editorial

Turning Point: Growth Will Require Imagination, Daring

"A Turning Point" is the theme of this year's National Mass Retailing Institute convention. According to Webster, a "turning point" is a point at which a significant change occurs—and we can certainly see 1981 and the convention itself as two such times of significant change.

Growth in our industry used to come easily—almost too easily—making some complacent. Profits came along with the annual double-digit sales increases that resulted from store growth and expanding mixes.

But it's not going to be so easy from now on. New stores are more and more expensive to open, and the ROI increasingly tougher and slower than in the past. Sales productivity in existing stores must come at always-faster rates just to keep pace with escalating operating costs. Real gross margin dollar growth, either as a per cent of sales or in absolute volume, is more elusive now than ever before.

Growth by acquisition presents its own set of problems, and represents not so much a real expansion of the industry as a consolidation of the industry's leadership.

So we have arrived at a turning point, a point at which some significant change must come in the industry to encourage and enable discount retailing merchants to begin the second golden era of chain discounting. A "turning point" that should become a "point of no return"—beyond which there can be no reversal of our course, no reduction of our speed and no end to the greater dominance of discounting in general merchandise retailing.

There is little agreement among the leaders of the industry on exactly what the right path is—which is as it should be. Nothing should stifle the creative merchandising that has brought discounting to the top of the heap.

However, there are broad arenas in which discount department store chains will be competing in the next decade and beyond. Name-brand fashion rtw comes to mind, and more and more sophisticated hard lines that now remain in the province of the specialty retailer—home computers, perhaps.

Other forms of retailing—nonstore electronic merchandising, mail order and catalog, for example—will become important enough to require involvement by the discount department store chains. Corporate, if not retail, growth can come from diversification into consumer goods manufacturing, leisure industry services or other nonretailing opportunities.

Discounters need to examine all the options. Surely, gross margin dollar productivity and cost control must get top priority; but long-term growth will require more than those relatively simple controls. It will take imagination and daring—just as discounting required in its earliest years—and entrepreneurs willing to roll the dice.

—Doug Stinson

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Segall, Goldberger Honored

(See story, p. 161.)

Maurice Segall
President, ceo, Zayre; Elected Discounter of the Year

Herbert H. Goldberger
Founder, ex-chairman, Hills; Elected to discount retailing Hall of Fame

470 '81 Openings Eyed by 40 Of Top Chains as Pace Slows

Nationwide DSN Report

The pace of new-store growth in the industry has slowed appreciably under the double burden of reduced 1980 earnings and continued high interest rates.

A poll of 40 of the largest discount department store chains reveals 470 planned openings in 1981—a gain of approximately 8.2% on the base of 5,705 stores operated by those chains at the end of 1980. About half of those stores have already opened.

But much of that planned 1981 growth is acquisitions, which do not enlarge the industry store base, and some of the openings will be offset by planned store closings this year. (See footnotes to Cook United, Meijer, Woolco and Pamida in the chart, p. 162.)

Of special note in the 1981 expansion plans is K mart's recently announced decision to moderate its store-opening plans, revising the usual 10% store growth prediction of last year (which would have produced almost 200 new stores) down to "150-170" stores in 1981.

K mart is coming off a year in which a sharp earnings decline reduced the expansion war chest, and is opting for the quicker ROI of its upgraded remodels. Reduced capital expenditures and greater sales productivity in the remodels have encouraged K mart to project 350-400 remodels this year.

Of all the largest chains, Target and Wal-Mart have the most aggressive plans for 1981. Target, before the 41-store Ayr-Way acquisition has been digested, still plans on opening 13 new stores this year, and (if those projections are met) will end 1981 with more than 150 stores—almost double the chain's size before the Ayr-Way buy.

Wal-Mart is projecting 60

(Continued on page 162)

Howell Is Named CEO at Big K; 6 Stores Are Sold to Wal-Mart

NASHVILLE—Jack Kuhn, chairman of Kuhn's Big K, has relinquished his chief executive officer title to J. Owen Howell, a residential land developer and furniture retailer who has been a member of the board of directors since 1979.

Howell, who spent 33 years at Genesco, including 1968-73 as president of that Nashville-based chain, was also named to the new position of chairman of the executive committee at Kuhn's Big K.

Jack Kuhn retains his chairman of the board position, and Gus Kuhn will continue as president and chief operating officer.

"We've been negotiating [the position] for months," said Howell. "There's a lot of work to be done, and they needed some help," the new ceo explained, when asked why the move was made at this time.

Meanwhile, the still-smoldering Wal-Mart/Big K deal, which had been prematurely declared dead by Big K chairman Jack Kuhn, has produced some sparks. Wal-Mart has acquired six Big K sites in Kentucky, Alabama and Missouri, and more heat may be evident later. Wal-Mart president Jack Shewmaker expressed an ongoing interest in other Big K sites, but Kuhn and Howell continue to deny that there are any other ongoing negotiations.

The acquired stores are five 50,000-sq.-ft. sites in Mayfied, Ky., Sikeston, Mo., and Talladega and Huntsville (2), Ala., and a sixth store of 70,000 sq.

(Continued on page 161)

Next Year: San Diego

NEW YORK—Plans are already in motion for next year's NMRI convention to be held at the Town and Country Resort in San Diego, May 15-19.

In 1983, the convention will be held at the Fairmont Hotel in New Orleans, May 21-25.

K mart Prunes Bows to 150-170 But Plans 400 Refurbishments

TROY, Mich.—K mart has reduced its projected new-store openings for 1981 by 15%-25%, to "150-170 stores," but will step up its upgraded remodeling program to finish as many as 400 refurbished stores by year's end.

"At least 400 refurbishments a year" are planned every year after 1981, according to the chain. Chairman Bernard Fauber cited increased financing costs and a stronger emphasis on the remodels as reasons for the change.

The faster ROI of the remodeled stores and the greater profitability of increased sales productivity in existing stores make K mart's choice easy; after a year in which earnings declined sharply, due to a substantial increase in combined selling, general, administrative and interest expenses, the chain must achieve its volume growth through enhanced same-store sales and reduce its interest expenses in order both to restore profits and maintain volume growth.

Still, if K mart opens the maximum projected total—170 new stores—the chain will exceed the industry average growth of store count. In the growth forecast story in this issue, 40 chains are predicting 470 new stores this year on a base of 5,705, an 8.2% gain. Take K mart out of the totals, and you have 39 chains predicting 300 openings on a base of 3,820 stores—a 7.9% rise. K mart's planned 170 stores on a base of 1,885 K marts (United States, Canada and Caribbean) is a gain of 9%.

Other steps at the chain to improve its profitability include re-examination of its white goods business, with the possibility that the capital-intensive department may be phased out, at least in some rural stores, and modified to eliminate derivative lines now carried in the mix. K mart store

(Continued on page 161)

Our Biggest NMRI Convention Issue Ever!

Based on Operating or Pretax Income

16 Discounters' Average Earnings: 3.13% of Biz

Chain	Sales (in millions) for year ended in 1980	Sales (in millions) for year ended in 1981	Income (in millions) for year ended in 1980	Income (in millions) for year ended in 1981	Income as % of sales
Caldor[2]	$ 562.8	$ 666.5	$ 37.900	$ 41.100	6.2%
Wal-Mart[2]	1,248.0	1,643.0	74.300	99.300	6.0
Target[1]	1,121.0	1,530.0	NA	91.000	5.9
Zayre[1]	1,344.6	1,347.8	52.200	50.900	3.8
ALCO[2]	172.8	174.6	8.100	5.800[3]	3.3
K mart[2]	12,731.1	14,204.4	624.600	436.400[3]	3.1
Jamesway[2]	242.4	273.3	12.000	6.800	2.5
Murphy's Mart[2]	756.9	803.7	18.800	17.800[3]	2.2
Roses[2]	498.0	526.3	16.400	11.400[3]	2.2
Venture[1]	536.1	560.9	8.000	12.000	2.1
Woolco[1]	3,540.0	3,754.0	78.000	61.000[3]	1.6
King's[2]	572.8	729.7	27.400	6.400	0.9
S. E. Nichol's[2]	217.1	224.6	7.300	0.150	0.1
Danners[2]	107.7	118.3	0.450	(0.386)	(—)
FedMart[2]	977.2	1,061.1	(22.500)	(7.400)	(—)
Two Guys[2]	733.4	615.5	(1.400)	(5.800)	(—)
Total		26,856.7		840.050	3.13% Average

[1]Operating income. [2]Pretax income. [3]Includes variety stores and/or other retail holdings. NA—Not available. ( ) Loss.

In a representative sampling of 16 discount store chains, the average income as a per cent of sales in the last completed fiscal year was 3.13—just ahead of the 3.07% the industry's volume leader, K mart, posted. Caldor led with a whopping 6.2%, followed closely by Wal-Mart and Target. Danners, Two Guys and FedMart, which all finished the year in the red, fell to the bottom of the list.

Gold Circle to Shut All 7 Calif. Stores

SUNNYVALE, Calif.—Gold Circle, the Worthington, Ohio-based discount division of Federated Department Stores, is abandoning the California marketplace.

The discounter is continuing expansion in the Midwest and Northeast where it has its remaining units.

The chain's four San Jose stores and three units in Sacramento will be vacated by early July, according to James Guinan, Gold Circle president. He added that the California stores' lack of a strong market presence and their poor volume and profit performance precipitated the decision.

While Guinan didn't disclose exact figures, he said annual sales in a typical California store were "a number of million dollars less" than the average volume of the 35 remaining stores in New York, Ohio, Pennsylvania and Kentucky.

The Western division has had great difficulty in establishing a strong presence in the California marketplace, and the fact that the two clusters of units were separated by approximately 150 miles didn't help.

"We obviously had to be in considerably more locations" to make Gold Circle's presence known, Guinan said, or "pull out."

Executives at the parent company said earlier that unless significant profit improvement was forthcoming from the California stores, no expansion was planned.

Gold Circle stores outside California average sales of about $10 million per unit, with total sales about $400 million.

The California units contribute an estimated 10% to total volume, or approximately $40 million in sales annually, making average store sales about $7 million.

While comparable-store sales in California had been running better than in Ohio, the West Coast units' bottom-line performance remained disappointing.

"While the potential [of the California stores] was enormous, it was never realized," Guinan said. "They had very far to go to improve."

Gold Circle entered the California market with three stores in Sacramento in 1976. The four San Jose stores were opened a year later. However, no further expansion occurred on the West Coast for the units, which average about 100,000 sq. ft.

In 1978, the discounter closed its West Coast regional buying office, primarily because of the overhead incurred for so few stores.

Gold Circle's expansion plans call for a new unit this year in Cleveland, where it already had eight stores. At least two new stores are due in 1982, one in Pittsburgh where there are already four Gold Circles, and one in Rochester, where the chain has three.

Discounters Housewares Leader Despite Ambiguous Mfr. Poll

CHICAGO—Discount stores clearly continue to be the leading retailers of housewares—accounting for substantially more than 12% of manufacturers' sales to retailers—but the industry's exact market share was thrown into confusion in the National Housewares Manufacturers Association's latest survey.

The survey, for the first time, broke out discount stores as a separate classification, in addition to three major retailer types tracked in past studies: conventional department stores, catalog showrooms and mass merchandisers.

The confusion was due to uncertainty among manufacturers about what constitutes a mass merchandiser.

That type would seem to be the retail leader, accounting for 29% of manufacturers sales to retailers, followed by catalog showrooms and department stores, each with 12% and then by the new discount store classification at 8%.

But the association, in response to numerous requests, attempted to find out what a mass merchandiser is in a mini-survey conducted as part of the larger study.

In the mini-survey, nine major retailers were listed and manufacturers were asked to identify these companies as being either a mass merchandiser; discounter; department store; catalog showroom; variety store; others, or don't

(Continued on page 162)

Producers Confuse Types of Retailers

Chain	Mass Merchandiser	Discount Store	Department Store
K mart	52%	43%	1%
Target	36	54	1
Venture	36	44	2
Zayre	36	52	3
Woolco	36	45	3
Woolworth	15	12	2
Sears	28	1	54
Penney	28	1	55
Ward	32	2	46

(Source: National Housewares Manufacturers Association)

Manufacturers have different perceptions as to the retailing nature of various chains. The chart shows what percentage of housewares manufacturer respondents conceive of the listed retailers. The variety store figure (not listed) for K mart was 4%, Woolco 14% and Woolworth 69%.

Budget Cut Wouldn't Ax Most Current FTC Probes

WASHINGTON—Faced with budgetary cutbacks, the FTC will still be able to continue most of its current investigations, according to the commission's acting chairman.

In recent testimony before Congress, however, David A. Clanton noted that the proposed 10.9% cut would substantially reduce the ability of the commission to initiate new rulemaking or investigation activities.

President Reagan's Office of Management and Budget has recommended that the agency's 10 regional offices be eliminated over the next three years. But Clanton, emphasizing that nearly all of the more than $100 million obtained by the agency during the last three years in redress for consumers came from cases handled by the regional offices, stressed the FTC's desire to continue these offices.

Concerning the FTC's antitrust emphasis, Clanton, added, there will be particular stress on health care and energy related issues.

He noted that the commission will continue to enforce disclosures on such energy subjects as home appliance energy consumption. Among other efforts of the agency mentioned by Clanton will be scrutiny of ad claims for over-the-counter drugs and enforcement of a number of Federal credit statutes.

The 1982 budget proposal, he continued, reflects decreasing emphasis on detailed regulations. The allocation of agency resources for industrywide rules has therefore been cut by 61% from the 1980 level. Clanton also pointed out that the agency plans a 180% increase in the resources allocated for analysis of the "economic and regulatory impact of proposed final rules."

New Dates Due For Govt. Affairs Parley of NMRI

NEW YORK—The third annual NMRI Government Affairs Conference, originally scheduled for March, will be rescheduled for either July 15th and 16th or Sept. 16th and 17th.

One of the major features of this conference is the scheduling of meetings between retail executives and members of Congress. Because of the Congressional calendar, there are a limited number of available dates, including the two now under consideration.

Interested members should make their preferences known by contacting Kevin Shein at the NMRI, 212-354-6600.

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